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House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, September 8, 2009, at 2 p.m.

Senate

FRIDAY, AUGUST 7, 2009

The Senate met at 9:30 a.m. and was called to order by the Honorable JEFF MERKLEY, a Senator from the State of Oregon.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal God, who comes with light and life, we praise and adore You. As the Senate anticipates the August break, we pause to thank You for sustaining us and request Your continuing mercies in the days to come. May the time away from this Chamber be restorative and constructive as our lawmakers connect with family, friends, and constituents. Give traveling mercies to our Senators and staffers, particularly those who will be traveling overseas.

Lord, we ask Your special blessings upon our 2009 summer page class and thank You for their faithful service. As they leave, bless and keep them in their coming and going, their labor and leisure, their successes and failures, their joys and sorrows.

Lord, give us such a vision of Your purposes that we will seize every opportunity to be agents of Your grace.

We pray in Your great Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JEFF MERKLEY led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, August 7, 2009.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JEFF MERKLEY, a Senator from the State of Oregon, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. MERKLEY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. REID. Mr. President, following leader remarks, the Senate will be in a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

EXTENDING UNEMPLOYMENT BENEFITS

Mr. REID. Mr. President, it is really an understatement to say that the cur-

rent economic downturn is the worst the country has experienced in several generations. The reality is that the crisis President Obama inherited when he was elected President was severe—worse than anything the country has seen since the Great Depression. When he took office, the country was losing 700,000 jobs a month. Banks were in crisis and had stopped lending, and a number of them were teetering on bankruptcy and some went out of business. The President and the Congress acted swiftly and passed the American Recovery and Reinvestment Act, which has stopped the bleeding and avoided economic catastrophe.

People complain: Look at all the deficit spending. In December, I was at a meeting with a small number of people. We had Mark Zandi, JOHN MCCAIN's economic adviser during the campaign, and we had economic advisers to Democratic and Republican Presidents in years past. Every one of them said: The only money in the world is in Washington, and unless you spend some of it, there will be a worldwide depression. We listened, and that is why we did what we did.

Today, the July unemployment numbers have been reported. They paint a much better picture than was anticipated. It was anticipated that 340,000 jobs would be lost, and that is not the case. The case is that over 200,000 jobs have been lost—a terribly large number but certainly much better than anyone ever anticipated. It is the lowest number since the spring of 2008. It is now late summer 2009. The national unemployment rate actually fell last month by one-tenth of 1 percent. It is welcome

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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news and further proof that the economic recovery plan we enacted is producing positive results. I repeat, what would it have been had we not done that?

So that is the good news. But many Americans still continue to struggle. Many in Nevada continue to struggle as a result of the economic crisis. Over the next several weeks, long-term unemployed workers will begin exhausting their unemployment benefits. Some estimates put the number of unemployed workers who will have used up their benefits by the end of September at 500,000. By the end of the year, the number of unemployed workers who will have exhausted their benefits will be 1.5 million. With the job market as depressed as it is, most of these workers will not be able to find work and will then have no means to survive and take care of their families.

Soon after Congress returns to Washington, we will need to address this matter. We must do so with the understanding that most experts believe job growth will be one of the last things to recover in this economic crisis. It always lags behind economic recovery.

There is an economic case to be made for extending unemployment benefits. Last year, when analyzing the effectiveness of various stimulus proposals, Mark Zandi found that extended unemployment benefits generated \$1.64 for every dollar it cost the American people. That means unemployment benefits are a sound investment.

There should be no disagreement that we must help those who are suffering as a result of the economic crisis they didn't create. We will keep fighting until unemployed workers in Nevada and across the Nation find employment.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

Mr. REID. Mr. President, I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KYL. Mr. President, I ask unanimous consent to speak for up to 20 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CASH FOR CLUNKERS

Mr. KYL. Mr. President, I am not sure I will need that much time, but there are four or five things I wanted to address this morning now that the Senate has completed its work through July and we will all be going home to visit with our constituents over the August recess.

What I did was I pulled together three or four topics I wished to address but, because of all the business we had this past week in dealing with the Sotomayor nomination and the cash for clunkers legislation, in particular, I had not yet had an opportunity to address them.

Let me start with the so-called cash for clunkers legislation which was adopted last night. This is legislation which I think was, as I said, a very well-intentioned concept in two respects: No. 1, to help auto dealers get off the mat—they had all been suffering from a lack of business—as well as to promote the idea of more fuel-efficient cars. But the well-intentioned plan ran into a lot of problems, and I think there were two reasons for that.

The first was the fact that it was rushed through. It was put on an emergency piece of legislation without hearings, without legislation having gone through the committee process, and, frankly, without anybody really thinking through how the program would be implemented. As a result, there were a lot of problems with it.

I got calls from car dealers. They had no idea whether they were going to be paid. The Department of Transportation had no idea whether it still had money left to pay the car dealers. As a matter of fact, one of them called me and said, as of Thursday a week ago, the Department had said they didn't need to kill the vehicles anymore that they had taken in on trade-in—that is to say do what they do to them so they can never operate again—because they weren't sure the money would be available to send to the dealer for the transaction. So the dealer may need to resell the car as a used car. The program, in other words, was very confusing and they got a lot of confusing signals out of the Department of Transportation.

That is why I offered an amendment yesterday that suggested we ought to call a timeout, a pause, to make sure all of the transactions that qualified could clear the process, the dealers could get paid, and we would know how much money we spent. Did we spend \$1 billion? More than \$1 billion? My amendment would have said whatever it takes to pay for all of the deals that had been made as of today, but then establish some process whereby the sales could be tracked, so that each day, at least by the end of the day, we would know how many cars were sold and what the obligations of the government were to the dealers that had acquired those trade-in cars. That way, we would know when we got close to the additional money that had been allocated.

Well, my amendment didn't pass. As a result, it is quite likely we are going to continue to have problems with this program. So I hope the Department of Transportation can find a way on its own to do this without direction from Congress so we don't have the same kinds of problems we have had in the past.

But there is a more fundamental problem with the program, and that is that it subsidizes a specific segment of the economy, as several of my colleagues pointed out, for the most part to simply advance the sale of a car that would have occurred anyway. So at the end of the day, there was no new economic activity—simply the expensive replacement of a vehicle that might have been used as a secondhand vehicle for several more years but because of the requirements of the program is actually destroyed. So as a matter of fact, we actually took value out of our economy rather than putting it in, and at a great cost. It was estimated that it was about \$20,000 per vehicle.

There was a great editorial—or column, I should say—in my hometown newspaper, the Arizona Republic, today by Bob Robb, who is one of the smartest people I know, especially when it comes to economic matters. The title of it is "Cash for Clunkers a Lemon." In it, he points out what is wrong as a matter of economic policy with programs like this that subsidize a particular piece of economic activity but end up in effect simply costing the taxpayers of the country without advancing an economic cause.

I ask unanimous consent to have this very erudite column printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Arizona Republic, Aug. 7, 2009]

CASH FOR CLUNKERS A LEMON

(By Bob Robb)

The cash for clunkers program is a perfect illustration of what's wrong with economic policy and thinking in this country.

The program is widely hailed as a successful economic stimulant. Congress is rushing to pour more money into it.

And it has been a success, if success is defined as selling more cars in the short-term.

Basically, the program offers owners of old cars a subsidy to buy a new one. If government subsidizes something, demand for that thing will increase—whether it is cars, or toasters or cosmetic surgery.

And if there is a quick expiration date on the subsidy, as is the case with cash for clunkers, demand will be artificially goosed even more.

This is obviously good news for car sellers and qualifying new car buyers. It may be good news for those in the car-making business, if production picks up to replace depleted inventories.

However, for the economy as a whole, the effect of cash for clunkers will be negligible, and slightly negative if anything.

In the first place, the federal government has no money. So, every dime of subsidy it is offering has to be borrowed. That puts a burden on future economic activity.

To the extent the subsidy induces people to make a car purchase they otherwise would